UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/CP/BYE/1
31 January 1994

ORIGINAL: ENGLISH

Second regular session 1995
3-7 April 1995, New York
Item 3 of the provisional agenda
UNDP

UNDP: COUNTRY PROGRAMMES AND RELATED MATTERS

FIRST COUNTRY PROGRAMME FOR BELARUS

Programme period	Actual resources planned	$
1994-1996	NET IPF	1 207 000
	Estimated cost-sharing	-
	Total	1 207 000

CONTENTS

		Paragraphs	Page
I.	DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES	1 - 6	2
	A. Current socio-economic situation	1 - 3	2
	B. National development objectives and strategies	4 - 6	3
II.	EXTERNAL COOPERATION	7 - 11	3
	A. Role of external cooperation	7 - 9	3
	B. Aid coordination arrangements	10 - 11	4
III.	THE COUNTRY PROGRAMME	12 - 35	5
	A. Assessment of ongoing country programme	12	5
	B. Proposals for UNDP cooperation	13 - 30	5
	1. Preparatory process	13 - 14	5
	2. Strategy for UNDP cooperation	15 - 18	5
	3. Proposed UNDP cooperation in selected areas of concentration	19 - 30	6
	C. Assistance outside the main country programme areas	31	9
	D. Implementation and management arrangements	32 - 35	9

Annexes

I.	Financial summary	11
II.	Programme matrix	13

95-03092 (E) 010395 030395

/...

I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. The economy of Belarus, as developed within the former Union of Soviet Socialist Republics (USSR), was characterized by a high degree of industrial and technical specialization in the context of the inter-republican division of labour, as a result of which some 70 per cent of industrial and agricultural production was exported. In 1991, after the proclamation of national sovereignty and economic independence, a course was set for economic and political reforms directed to a democratic society and the creation of the bases of a market economy. However, the process of transition has revealed the existing structural weaknesses in the economy and its management. The breakdown of inter-republican production and trade links, the sharp rise in the price of energy and raw materials, the contraction of traditional markets, the necessity for demilitarization and military conversion, led to a significant drop in production, a sharp lowering of living standards, and spiralling inflation. The situation was further complicated by the need to implement expensive measures for environmental protection and, in particular, to overcome the consequences of the Chernobyl catastrophe. The latter, for instance, absorbs at least 10 per cent of the government budget every year.

2. The distinguishing characteristics of the Belarusian economy were the highly developed mechanical engineering, petrochemical, electronic and radioelectronic subsectors, whose output was widely used in the military-industrial complex throughout the former USSR, and in which hundreds of thousands of workers are still employed. The majority of them may lose their jobs in the very near future, unless the cutting-edge research and development capacity of this sector is rapidly reoriented to the production of goods for civilian use domestically and abroad.

3. The new Government appointed by the first President of Belarus following the democratic elections of July 1994 had to face a further deepening of the existing economic crisis, as demonstrated by increases in the trade and balance-of-payments deficits, the growth of external indebtedness, and the continuing fall in the value of the Belarusian rouble. In the first nine months of 1994 gross domestic product (GDP) fell by 26 per cent and gross industrial production by 27 per cent compared to the same period in 1993. The social and demographic situation also worsened. In 1993, for the first time in the postwar period, the death rate exceeded the birth rate in the 10.3 million population; the infant mortality rate, which had been one of the lowest in the former USSR, rose; and average life expectancy fell. A programme of immediate anti-crises measures to help the economy of Belarus was adopted. The implementation of this programme will require significant efforts by the Government, as well as strong technical cooperation and substantial financial assistance from the international community.

B. National development objectives and strategies

4. The fundamental objectives of the Government are to overcome the economic crisis, reduce inflation sharply, stabilize external transactions, and create the basic conditions for economic growth and a rise in living standards. The Government has thus decided to reduce substantially the role of the State and the degree of administrative involvement in fixing prices and distributing resources, to expand the use of market mechanisms, to carry out other systemic reforms (including privatization, the restructuring of enterprises, and promoting the development of the private sector), to reform the budgetary, monetary, credit, and foreign trade systems, and adapt the social welfare system to the requirements of the transition period.

5. In order to reach its objectives, the Government has adopted a strategy of reinforcing the institutional infrastructure for reforms; stimulating socially, economically and environmentally balanced development; aiming at greater community information and awareness of the importance of the ongoing transformations during the transition to a market economy and democratization; improving financial, monetary, credit and budget policies; spurring privatization and demonopolization; liberalizing domestic and foreign trade; and protecting the most vulnerable strata of society through targeted transfers and allowances.

6. In these circumstances the Government considers that the highest priority areas on which international technical cooperation should concentrate are: demilitarization of the economy and creating productive employment (including through converting military bases); promoting exports; accession to the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO); improving the management of the country's external debt; action to put into practice the concept of sustainable development as laid out in Agenda 21, adopted at the United Nations Conference on Environment and Development (UNCED); strengthening the economic contribution of science and technology by broadening mutually advantageous international contacts; raising the socio-economic status of women; developing the media; training and retraining staff; improving management systems; overcoming the consequences of the Chernobyl catastrophe; participating in United Nations conferences planned for 1994-1996; and assisting in the observance of international United Nations conventions in various fields (e.g., communications).

II. EXTERNAL COOPERATION

A. Role of external cooperation

7. External technical cooperation and financial assistance to Belarus, both bilateral and multilateral, is directed principally to (a) structural adjustment and rehabilitation of various economic sectors, including balance-of-payments support; (b) improving government procurement systems for general equipment and supplies, agricultural commodities, and medical supplies; (c) humanitarian and food aid. External resources are expected to finance a range of projects costing over $2 billion. Some $500 million of this will be provided by multilateral financial institutions (the International Monetary Fund (IMF), the

World Bank (WB), the European Bank for Reconstruction and Development (EBRD) and the United Nations system), while the rest will come from bilateral sources; more than 60 per cent of all assistance will take the form of credits.

8. Some $218 million has been allocated to structural adjustment and sectoral rehabilitation (programme loans), and a further $8.3 million to institution-building in various ministries. The World Bank and EBRD loans for approved projects amount to $183.5 million. A number of potential new projects are under preparation at present by the Government, the World Bank and the EBRD.

9. Technical cooperation is mainly concentrated on project preparation, consultancy advice, and staff training. The total of grant technical cooperation amounts to $162 million. Its main providers among the multilateral financial institutions are the specialized agencies of the United Nations system ($5 million), EBRD ($9 million), and European Union/Technical Assistance to the Commonwealth of Independent States and Georgia Programme (EU/TACIS) ($23 million). Humanitarian and food aid amounts to $177 million, including over $100 million from the United States of America.

B. Aid coordination arrangements

10. So far, limited progress has been achieved in aid coordination. A Deputy Prime Minister ensures overall coordination, assisted by a resident aid coordination specialist financed by Canada and the EBRD. The Cabinet has created a Coordination Unit for the preparation and implementation of technical cooperation projects financed by the European Union. Coordination of various aspects of external cooperation is carried out by the Ministry of Economic Affairs, the Ministry of Foreign Affairs, the Ministry of Foreign Economic Relations, and the appropriate sections of technical ministries which receive external financial assistance and technical cooperation. A preparatory meeting of the Consultative Group for Belarus was convened by the World Bank in May 1993, and a full meeting in October 1993. The International Monetary Fund (IMF) is convening a meeting to discuss financing gaps. The United Nations Development Programme (UNDP) Resident Representative in Belarus, as Resident Coordinator of the United Nations system's operational activities for development, ensures that cooperation and assistance from the various components of the United Nations system are provided to Belarus in as integrated and efficient a fashion as possible.

11. Under the national technical cooperation assessment and programmes mechanism (NATCAP), financed from Special Programme Resources (SPR), a programme is being implemented by the Ministry of Economic Affairs in conjunction with an interministerial working group composed of representatives of the Ministry of Finance, the Ministry of Foreign Affairs, and the Ministry of Foreign Economic Relations, which is helping the Government develop a well-managed and coordinated approach to mobilizing and using technical cooperation in the context of the country's overall plan for economic development. This project will help promote, at a central point, effective management of external resources in Belarus.

III. THE COUNTRY PROGRAMME

A. Assessment of the ongoing country programme

12. As a founding member of the United Nations, Belarus has long participated in many United Nations programmes. However, like the other republics of the former USSR, it did not have its own country programme. The present country programme is the first for Belarus.

B. Proposals for UNDP cooperation

1. Preparatory process

13. From 1991 the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and the International Labour Organization (ILO) carried out missions to Belarus in the fields of health and social welfare, assistance to the handicapped, and employment promotion. The International Atomic Energy Agency (IAEA), the Economic Commission for Europe (ECE), the United Nations Centre for Human Settlements (UNCHS/Habitat), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Industrial Development Organization (UNIDO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), WHO and the World Meteorological Organization (WMO) have participated in a range of activities to overcome the consequences of the Chernobyl catastrophe. The Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Centre for Human Rights, UNESCO, and the United Nations Drug Control Programme (UNDCP) have contributed to dealing with issues of refugees, human rights, media development, and drug abuse and trafficking. Specialists from the United Nations Conference on Trade and Development (UNCTAD), the Economic Commission for Europe (ECE) and the International Trade Centre (ITC) have visited Belarus to provide assistance in the field of foreign trade.

14. The Government collaborated with the United Nations Office, which was opened in Minsk in September 1992, to prepare a short-term country framework, which defined the initial strategy for United Nations technical cooperation with Belarus for 1992-1993. The short-term country framework (SCF) has facilitated dialogue between the Government and the United Nations system on the identification, formulation and implementation of programmes, as well as the maximum coordination and complementarity of United Nations programmes with those of other donors, and the application of the programme approach in selecting fields of concentration and mobilization of additional resources.

2. Strategy for UNDP cooperation

15. The UNDP strategy for formulating and implementing programmes in Belarus has been based on the comparative advantages of the United Nations system in responding rapidly to the social and economic problems of the transition. Preference has been given to programmes and projects that will contribute to national capacity-building for subsequent self-reliant management, coordination

and use of external resources, as well as for the mobilization of the necessary additional resources.

16. In view of the limited UNDP programme resources allocated to Belarus by the Executive Board, the Government is eager to benefit from the UNDP comparative advantage in raising complementary cost-sharing resources from various third parties for further implementation of projects initiated by UNDP. The process of mobilizing additional development funds through cost-sharing arrangements has begun and has resulted recently in the decision of the Government of Germany to contribute $190,000 to the joint UNDP/ILO project concerned with the conversion of former military bases. A resource mobilization strategy for Belarus includes attracting the attention of bilateral and multilateral donors through fund-raising conferences and advertising projects through the Organisation for Economic Cooperation and Development (OECD) Centre for Cooperation with the Economies in Transition. Various resource mobilization activities will be undertaken in the future to support other UNDP projects in Belarus, in the first instance those which support the science and technology sector.

17. Owing to the rather modest UNDP programme resources for Belarus, the Government, in defining technical cooperation programmes with the United Nations system, has focused on the highest priorities by preparing targeted and coordinated programmes and projects that will draw upon the competent United Nations specialized agencies in each priority sector.

18. Programme implementation will be carried out mainly by national institutions and organizations, with UNDP support for maximum coordination and external resource mobilization. Programmes will aim at reinforcing links between technical cooperation and capital assistance and thus at attracting foreign direct investment and mobilizing resources for the sectors of highest national priority, as well as at early disbursement of assistance from the international financial institutions. The Government also welcomes the possibility of UNDP providing implementation services to assist the execution of non-UNDP-financed projects.

3. Proposed UNDP cooperation in selected areas of concentration

19. The Government has defined two main fields of concentration in support of the country's strategic development goals for the transition period:

(a) Social consequences of transition;

(b) Economic restructuring and natural resource management.

Social consequences of transition

20. Like many other countries, Belarus is presently going through a difficult period of revising the traditional model of social development and defining new, alternative approaches to formulating its future development strategy. The deep socio-economic crisis has been felt most sharply in the area of public administration at all levels, in the field of scientific and technical progress, and in the process of developing a market economy.

21. For many years, the planning of socio-economic development in Belarus was focused largely on economic growth alone. In recent years, as the economic crises worsened, previous social problems have become more acute and new problems have arisen that have made the situation of the majority of the population even more difficult. In these conditions, it has been difficult to measure, analyse and forecast objectively the character and scale of changes in the quality of life, and in particular in defining the characteristics of various social-demographic and occupational groups. For instance, to what extent have the quality and availability of socially important services (health, education, culture, household supplies and services, transport) deteriorated? What trends are noticeable in the increasingly difficult access of certain population groups to various services? What are the consequences of a noticeably aging population? It is important to have information on these questions to foresee and deflate possible conflicts and thus avoid social disintegration. While general information is available in these areas, there is insufficient detail and analysis thereof to permit optimal decision-taking, owing in part to the lack of a constructive and integrated approach to human development in the past and currently.

22. As a first step towards sustainable human development, the Government has decided to prepare the first national human development report to review and analyse the present situation, identify problems and possibilities, and lay out the various alternatives for consideration. In this connection, Belarus will take part in, inter alia, the joint UNDP/ECE programme on social statistics, the UNICEF monitoring programme of social conditions in Central and Eastern Europe, and the UNICEF analysis of the situation of women and children in Belarus in particular.

23. The results of these reviews will feed into the final formulation of UNDP and other United Nations-system support to programmes for building national capacity in, inter alia, the following fields:

(a) Adapting the educational system, including vocational training, to the requirements resulting from the political, social and economic transformations;

(b) Reform of the social sector, including health care, fighting the spread of AIDS, and checking drug abuse and trafficking;

(c) Empowering women in all spheres of society.

24. The United Nations system will play an important role in supporting a positive understanding of internationally accepted human rights, including the status of refugees and displaced persons and the creation of appropriate special services. To assist in these endeavours, the United Nations system will help to promote the development of effective mass communication.

Economic restructuring and natural resources management

25. This is a key field for a successful transition from the administrative-command system of management to a decentralized market economy. Belarus needs to develop new skills and knowledge to resolve the previously unknown problems

of the transition period. In this context, the priority areas for United Nations cooperation are:

(a) Restructuring the economy, developing the private sector, and raising the efficiency of the banking, financial, information and trade sectors;

(b) Environmental conservation and natural resource management, based on the principles of sustainable development;

(c) Retaining and developing the country's high-level scientific and technical capacity.

26. International cooperation will be especially sought on adapting national economic legislation, metrology and standards, and intellectual property protection to existing international norms, and on developing information services for domestic and foreign trade. These should strengthen the country's export potential and attract foreign investment.

27. The present economic and structural transformations in Belarus require a corresponding capability to manage both the transition process itself and the new institutions and other organizational changes that arise in consequence. This results in a need for short- and medium-term retraining programmes for managers, technical experts and other employees at all levels of public administration, including local authorities. The development of local authorities, including through decentralization and reapportionment of political and administrative functions, and the promotion of popular participation in management through non-governmental organizations, are areas of cooperation where the transfer of relevant international experience will be most desirable.

28. Of all the republics of the former USSR, Belarus suffered most from the April 1986 accident at the Chernobyl nuclear power plant. Some 70 per cent of the total radioactive fallout affected the country, forcing many thousands of people to resettle in other areas and reducing the area of agricultural land by some 20 per cent. In view of the many difficulties of the transition period, Belarus is unable on its own to face the multifarious negative economic, health, biological, socio-psychological and environmental consequences of this catastrophe. The Government wishes to continue cooperating with the United Nations system in formulating and implementing international programmes and projects aimed at the study, mitigation and minimization of the consequences of the disaster, including those relating to the socio-economic problems of people resettled from the heavily contaminated zones. The priority in this field is the rehabilitation, where feasible, of the productive capacity of the contaminated areas, which has been lost in the intervening years.

29. The national strategy for environmental conservation and resource management is being developed in accordance with the conventions and other international agreements resulting from the United Nations Conference on Environment and Development (UNCED), to which Belarus was a signatory. International cooperation to help implement the conventions on biodiversity, climate change, protection of the ozone layer, transboundary effects of industrial accidents, environmental impact assessment in a transboundary context and global warming, among others, will contribute significantly to this process.

The Government is looking forward to support from the Global Environmental Facility in this connection. Assistance in waste management will also be promoted actively.

30. Cooperation would be very valuable in the conservation of internationally significant ecological systems such as the Belovezhskaya Pushcha (a forest area with unique flora and fauna), the Lake District of Belarus, and the wetland areas of the Berezina and Pripyet river basins. In view of the limited government budget it is a matter of urgency to develop systems of management of these protected areas based on alternative financing. In this context, it would be useful to develop well-planned wildlife tourism as a means of support for the conservation of these areas. Since Belarus is situated on the watershed between the Baltic and Black Seas, the rivers flowing to those seas have a distinct effect on the environment of neighbouring countries. For this reason, closer cooperation between all countries of the region, especially between neighbouring countries, is indispensable in order to establish jointly agreed policies for environmental conservation and sustainable development.

C. Assistance outside the main country programme areas

31. The Government has defined a further range of programmes for additional cooperation with the United Nations system, which also correspond to main national priorities. These include: (a) the development with UNIDO of programmes and projects in the fields of restructuring the Belarusian industrial sector, energy conservation, investment promotion, radiation protection, etc.; (b) the formulation and implementation, within the UNDP Capacity 21 initiative, of a national programme for national parks and wildlife tourism; and (c) programmes dealing with drug abuse and trafficking, and organized crime.

D. Implementation and management arrangements

32. In view of the severely limited funds available to the Government and UNDP for technical cooperation, the selection of areas for cooperation will be based on applying the programme approach, to achieve the maximum effectiveness in the use of resources. This will permit strengthened overall coordination of all external resources and thus increased efficiency. The Government considers that national execution of United Nations/UNDP programmes and projects should be fundamental in this regard.

33. National execution implies that the selection of programmes and projects, their formulation, implementation and monitoring will be carried out by national institutions. This ensures complete national ownership and the recipient assumes full responsibility for the effective use of aid. The funds flowing into Belarus for programme and project implementation will be concentrated on the further development of existing national human, financial and technical resources, in governmental and non-governmental bodies, the training of highly qualified specialists through their participation in international projects, awareness-building, and the mobilization of society at large to participate in programmes.

34. Foreign expert services will be required as an important source of contemporary expertise and experience, essentially on a short-term basis, for training, preferably in-country, and the transfer of skills and know-how to supplement national capacities in those areas where the necessary experience and knowledge are lacking. The recruitment of foreign experts in accordance with selected priorities will usually take place within the specifically formulated umbrella project.

35. It will be a priority of the Government to arrange for overall management of the programmes implemented under the national execution modality through a working group on coordination made up of representatives of various ministries, entities and organizations, in order to ensure the integrated use of external assistance.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT IN PROGRAMMING

	$	$
Net IPF	1 238 000	
less 1992-1993 expenditures	(31 000)	
Government cost-sharing	-	
Third-party cost-sharing	-	
Total		1 207 000

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREAS OF CONCENTRATION

Area of concentration	$	Percentage of total resources
Social consequences of transition	342 600	28.4
Economic restructuring and national resources management	807 000	67.0
Other areas	50 000	4.0
Unprogrammed reserves	7 400	0.6
Total	1 207 000	100.0

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

	$	$
A. UNDP-administered funds		569 000
B. Other United Nations resources		
UNFPA	75 000	
UNICEF	-	
GEF	-	
ILO	150 000	
UNIDO	203 000	
UNDCP	494 000	
UNESCO	475 000	
IAEA	1 857 000	
UNHCR	178 000	
WHO	120 000	
Subtotal		3 552 000
C. Other non-United Nations resources		-
Total		4 121 000

Annex II

PROGRAMME MATRIX

Areas of concentration	Areas of focus										
	Science and technology	Demilitarization	Export promotion	Social statistics	Environment	Management	Women in Development	Democratization	Health, AIDS, drugs	Chernobyl, Nuclear Safety	Economic restructuring
Social consequences of transition	•	•		•			•	•	•		
Economic restructuring and natural resources management	•	•	•		•	•				•	•